United Nations A/C.2/53/SR.6

General Assembly
Fifty-third session

Official Records

Distr.: General
23 March 1999
English
Original: Spanish

Second Committee

Summary record of the 6th meeting
Held at Headquarters, New York, on Thursday, 8 October 1998, at 3 p.m.

Chairman: Mr. Asadi ..... (Islamic Republic of Iran)
later: Mr. Özügergin (Vice-Chairman) ..... (Turkey)

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98-81504 (E)

The meeting was called to order at 3.05 p.m.

General debate (*continued*)

1. **Mr. Kebede** (Ethiopia) said that his delegation fully associated itself with the statements made by the representative of Indonesia on behalf of the Group of 77 and China and by the representative of Bangladesh on behalf of the least developed countries. Pointing out the sharp contradiction in the coexistence of a world of prosperity and a world of poverty and misery, he said that, according to the *Human Development Report 1998*, prepared by the United Nations Development Programme (UNDP), during the past year wealthy countries had benefited from the boom in world consumption while 80 per cent of the world's population continued to suffer abject poverty. That situation was neither ethically acceptable nor morally defensible. Attacking the causes of poverty was an imperative, not an option.

2. In Africa, and particularly in the least developed countries, poverty remained one of the primary obstacles to development and economic growth. The shortage of human and material resources for development was exacerbated by the pressures of debt servicing, deteriorating terms of trade, declining official development assistance (ODA), falling commodity prices, increasing protectionism in the developed countries and the negative effects of structural adjustment programmes. Scheduled external debt servicing payments accounted for more than one third of the export profits of the least developed countries and that had a negative impact on social services. Implementation of the Heavily Indebted Poor Countries (HIPC) Initiative had made it possible to adopt a better-coordinated, more coherent approach to the problem. However, that mechanism needed significant revision, particularly with regard to the eligibility criteria, the adequacy of debt reduction and the speed at which relief should be granted. As the Executive Director of the United Nations Children's Fund (UNICEF) had stated, Africa, which was home to 33 of the 48 least developed countries, should be first in line for debt cancellation, debt conversion and a revamped HIPC initiative.

3. The current volume of ODA was disproportionate to the problems faced by developing countries and to the major efforts which they were making to reform their economies. The international community should recognize the fundamental role of ODA in obviating costly bailout programmes. The continued decline in ODA and the negative transfer of resources from developed to developing countries must be arrested. It was important that developing countries should be able to count on substantial flows of official assistance in order to finance their physical and social infrastructures without conditions of a non-economic nature. At the same time, foreign direct investment flows, particularly those directed towards the infrastructure and manufacturing sectors, were of considerable assistance in accelerating needed overhead capital flows. For that reason, development partners should take measures to complement those adopted by developing countries so that the latter would not be excluded from being isolated from the benefits of global investment.

4. The developing countries also needed to enter the multilateral trading system, which should, therefore, be genuinely fair. Special and preferential treatment for developing countries must be increased, trade barriers to their exports must be eliminated and commitments with regard to products of particular importance to them must be fully met. In that regard, his Government strongly supported the decision taken at the Conference of Heads of State or Government of the Movement of Non-Aligned Countries held in Durban (South Africa), which had called upon the United Nations Conference on Trade and Development (UNCTAD) to provide objective and in-depth analyses of the effects of liberalization, strengthen the capacity of developing countries to participate in trade negotiations, increase their supply capacity and consider structural factors such as debt, inadequate concessional development finance and restrictions on the transfer of technology, which prevented the developing countries from taking advantage of the opportunities presented by the multilateral trading system.

5. The inability of many developing countries to benefit from economic globalization and the impact of the Asian financial crisis on the entire international financial system showed the need for a new partnership, within a democratic framework, in which all economic, financial and social institutions would take an active part. The United Nations should play a fundamental role in the establishment of that new framework. The decision to hold an international conference on development financing was an important step in that regard.

6. **Mr. Abdel Aziz** (Egypt) said that his delegation supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China. Recent events on the international economic scene had led to a new crisis in the financial markets. That situation had demonstrated the growing complexities and difficult choices faced by economic policy makers at the national and international levels as they confronted the prospect of a serious recession that would spare neither developed nor developing countries. At the current session of the General Assembly and, more specifically, in the work of the Second

Committee, it was necessary to analyse the causes of such crises in order to reach an international consensus on ways of predicting them and on the means of addressing globalization, including its positive and negative aspects. However, it must not be forgotten that countries differed enormously in their economic and institutional capacities to comprehend those factors and their impact and that the effects of the crisis on millions of citizens of developing countries, who faced poverty, marginalization and the social and political disturbances that accompanied them, posed a threat to international peace and security which it was a fundamental task of the United Nations to protect.

7. That question must be addressed on two levels: it was important, in the short term, to mitigate the negative impact on the poorest sectors of the developing world and, in the longer term, to consider the problems involved in the structural adaptation of the current international economic system to globalization and the national and international repercussions. Furthermore, the views and theories formulated with regard to the causes of, and solutions to, the financial crisis were exceedingly different, as had become clear at the recent annual meetings of the International Monetary Fund (IMF) and the World Bank. Consensus must quickly be achieved and better international coordination established in order to reduce those differences. In addition, the international situation at both the country and international levels must progress considerably in order to better and more effectively deal with those matters. A genuine global development partnership must be established in order to address the impact of globalization and control market forces and their sometimes negative effects. That must be done in a balanced manner, taking into account the interests of developing countries and the long-term interests of the entire international community and also the need to preserve international peace and security. The United Nations was the right international organization for that job, and the recent high-level dialogue on the social and economic impact of globalization and interdependence had been a first step in that regard.

8. With an open mind, Egypt had agreed to cooperate in the globalization process and to make maximum use of its advantages. In the early 1990s, the Government had undertaken a large-scale economic reform programme which had achieved progress, as many international agencies and economic bodies had testified. At the multilateral level and in South-South and North-South relations, Egypt had become a party to a League of Arab States agreement for the establishment of a broad Arab free-trade area by the year 2007 and to the Common Market for Eastern and Southern Africa (COMESA) Treaty. For the past three years, it had also been considering becoming a party to a European Union agreement for the establishment of a free-trade zone by the year 2010 which would include the countries of the European Union, the southern Mediterranean and central and eastern Europe. It had also participated in the establishment of the Group of 15 and had cooperated in the activities of the Non-Aligned Movement and the Group of 77 and China.

9. Despite their efforts to integrate into the international economic system, developing countries continued to face obstacles which went beyond the current financial crisis. They included the imposition of non-tariff trade barriers, a confusing system of protectionist measures such as unwarranted dumping, obstacles of a technical nature and attempts to impose excessive regulations on the pretext of protecting workers or preserving the environment. In addition, there was the danger that regulations might be used as obstacles to exports from developing to developed countries.

10. Developing countries, particularly in Africa, were affected by the decline in official development assistance (ODA) and the increased requirements for granting it and by the selective nature of international capital flows, which, in most cases, were not based on objective economic criteria. His Government welcomed the many international initiatives designed to mitigate the serious economic and social situation of African countries, although its own aspirations for the African continent extended beyond those initiatives.

11. **Mr. Lavrov** (Russian Federation) said that the Second Committee's discussions provided an opportunity to consider the network of complex processes in the current global economy, where, as a result of increased interdependence, not only markets, but also crises, took on global dimensions. At the previous session, the urgent need to give new impetus to economies in crisis had been considered. It had now become clear that sporadic interventions alone would not solve the problem and that effective measures must be taken jointly in order to avert a global crisis. Of course, countries themselves were responsible for establishing policies of greater openness and better controls in order to attract financial resources and investments and to regulate credit and the banking sectors. But it was also necessary to cast a critical eye on the regulations applied in the global market, which was subject to far less rigorous supervision than that exercised by the national mechanisms of stable, developed economic systems. It was necessary to consider ways of avoiding speculation, which, in an instant, could unleash major flights of capital, bringing whole countries to the brink of bankruptcy.

12. There was some question as to the effectiveness of the global financial system and the function of the various sectors which participated in it, including international financial institutions, transnational banks and investment companies and creditors' and investors' clubs. There had been proposals to coordinate regulatory financial mechanisms at the global level and to create a system for rescheduling multilateral debt during periods of crisis. The IMF Interim Committee had noted the need to develop international financial norms, achieve greater market transparency and better access to information and increase participation by the private sector in the solution of financial crises. His Government supported the proposal by the President of the United States of America to strengthen IMF anti-crisis mechanisms and to place a higher priority on preventive measures in the Fund's strategies. At the high-level dialogue on the social and economic impact of globalization and interdependence, held on 17 and 18 September, useful proposals for continued work on the "new architecture" of the global financial system had been made. At the recent annual meetings of IMF and the World Bank in Washington D.C., it had been decided to take various steps in the hope that they would help to overcome the impact of the financial crisis, bearing in mind the specific problems of "emerging economies".

13. The Russian Federation's economic system had also felt the effects of the financial crisis. Between January and August 1998, the gross national product (GNP) had dropped by 2.1 per cent and industrial output by 2.6 per cent. The unemployment rate had risen, and nearly 30 per cent of small businesses had suspended operations or declared themselves insolvent. The current crisis could be overcome only through a national concensus of all political parties, as had become clear during the formation of the new Government. The Government had taken urgent steps to stabilize the rouble's exchange rate, prevent illegal export of capital, reactivate the populations foreign currency cash reserves, revitalize the banking sector, reschedule domestic debt, reform the taxation system, encourage production and ensure social protection for its population. While continuing its strategy of increased application of market principles to the promotion of development, the Government had focused its policies on promoting the real economy and strengthening the social aspect of reform. It had also reaffirmed its intention to meet its obligations with regard to domestic and foreign loans and its commitment to re-establishing a favourable environment for foreign investment in the country.

14. The crisis had provided an opportunity to weigh the mistakes made in the management of the country's banking and financial system and, in general, to reflect on the macroeconomic reform recently undertaken in accordance with the formulas prescribed by the international financial institutions. Clearly, "shock treatments" were not a panacea. A more pragmatic and balanced approach must be taken which incorporated with some flexibility the self-regulating mechanisms of the market and State control and took account of the specific characteristics of countries and their social and political situation. The Russian financial crisis also demonstrated the general fragility of the economies in transition, a factor which analysts, investors and financial agencies overlooked and, as a result, had failed to take the appropriate measures that could have helped avoid the financial collapse. Support to economies in transition must also be intensified through the United Nations system, whose potential had not yet been fully realized.

15. It was important to ensure that the preparations for the special sessions of the General Assembly for the examination and evaluation of the implementation of the Programme of Action of the International Conference on Population and Development and the Barbados Programme of Action for the Sustainable Development of Small Island Developing States were appropriate and adequate. Progress must also be made in the implementation of the recommendations on the reform of the United Nations in the social and economic sectors, especially those contained in Economic and Social Council resolution 1998/46. The results of the review of the subsidiary bodies of the Council could already be seen. Attention should be paid to making better use of the potential of the regional commissions and strengthening cooperation among them, and with other multilateral and regional organizations as well. At the same time, the reform should allow the United Nations to participate actively in the discussions and decision-making on current problems affecting global economies and finance. As the Secretary-General had said in his statement in the plenary Assembly, United Nations participation in those processes was becoming even more important, given the need, in view of the problems caused by globalization, to adopt a broad approach based not only on financial and economic but also on social, political and cultural considerations.

16. **Mr. Danesh-Yazdi** (Islamic Republic of Iran) said that his delegation associated itself fully with the statement of Indonesia on behalf of the Group of 77 and China. Serious problems had arisen because of the Asian financial crisis and the economic volatility in some of the major countries manifested by a slower pace of expansion in global gross domestic product (GDP) and trade, falling or depressed prices for most commodities, especially oil, and an uncertain

macroeconomic situation. The developing countries undoubtedly, were the hardest hit owing to a lack of capacity and sufficient resources to address the challenges of globalization. Globalization and liberalization had expanded and deepened the interdependence of societies, which in turn increased the potential for international interaction and cooperation. Some countries clearly benefited from the process, but the bulk of the developing world, particularly the least developed countries, was experiencing its negative effects. The practical result of globalization had been to widen the inequality between and within nations. The global nature of the process called for global solutions: a genuine global partnership and strengthened international economic cooperation in order to ensure that the benefits of globalization were distributed as widely as possible and its adverse effects minimized. The solution lay mainly in facilitating market access for developing countries and assisting them in financing their development activities.

17. It was important to continue promoting the establishment of an international trading system that was fair, just, rule-based, universal, multilateral and responsive to the long-term development of developing countries. Although substantial progress in trade liberalization had been made since the completion of the Uruguay Round, the positive results had not yet been sufficiently secured. Many products of export interest to the developing countries, including agricultural products, primary commodities and textiles, were facing tariff and non-tariff barriers. Dismantling those obstacles and accelerating access for developing countries to membership in the World Trade Organization (WTO), through transparent procedures and without political impediments, would facilitate their integration into the international trading system. However, while intergovernmental forums had stressed the strengthening of international economic cooperation and the establishment of an international trading system based on principles of international law and recognized norms and regulations, recourse to unilateral coercive economic measures and enactment of domestic laws with extraterritorial effect had been on the rise, constituting a major barrier to free trade and market access for all countries. Such measures contradicted not only the basic principles of international law but also the purpose for which WTO had been created.

18. In the area of finance, the outflow of financial resources from developing countries to safe markets and their chronic external indebtedness constituted a serious impediment to development. The frequency of financial crises pointed to some serious weaknesses in the functioning of financial markets. Private lenders had repeatedly failed to take adequate account of borrowers' financial capacity. One feature of the crisis had been that, in each case, the borrowing countries had borne the brunt of financial and economic adjustment. At the same time, external indebtedness continued to be a major drain on resources for development. Although the Heavily Indebted Poor Countries Debt Initiative was an important step in restoring economic development in a number of poor countries, both lower and middle-income countries needed new initiatives to facilitate the financing of their development. In that context, the need to convene an international conference on financing for development to find appropriate long-term solutions had become even more compelling. His delegation was looking forward to an early decision on the establishment of the working group provided for in General Assembly resolution 52/179, so that it could begin its work as soon as possible.

19. Unfortunately, official development assistance had declined steadily throughout the past decade. In 1997, the total amount of assistance provided by member countries of the Development Assistance Committee had fallen to 0.22 per cent of their combined gross national product (GNP), against the established target of 0.7 per cent, while the contribution of the seven major industrialized countries had been only 0.19 per cent. Reversing the decline in official development assistance and reaching the internationally agreed target was pivotal for capacity-building and the integration of developing countries into the global economy.

20. Within the United Nations system, operational activities were perhaps the function with the most tangible outcome. The forthcoming triennial comprehensive policy review of those activities should result in the strengthening of the role of the United Nations in that area. Because of their unique characteristics of universality, neutrality, multilateralism, voluntary and grant funding and flexibility in responding to the needs of developing countries, operational activities provided the necessary platform to address global challenges. The international conferences had produced a broad consensus on development goals and policies, which should be followed up by the system on the basis of common objectives and coordination and of the priorities of recipient countries. The common priority for almost all developing countries was poverty eradication, which required progress in such critical areas as population, the situation of children, health care, food security and education and such cross-cutting themes as finance, trade, science and technology and human resource development. Lack of core and general resources was the main impediment to the expansion and implementation of operational activities. The United Nations had undertaken structural reforms to increase its efficiency and effectiveness, but that

process had not been accompanied by the needed increase in contributions for operational activities. That was a serious problem which the donor community must address.

21. **Mr. Al-Dhanhani** (United Arab Emirates) said that the 1997 *World Economic and Social Survey* and the 1997 *Trade and Development Report* had highlighted the inequalities in economic and social development arising from globalization and the opening of markets in some regions, and also the setbacks experienced by many developing countries, all of which were factors that had some bearing on the creation of problems such as the Asian financial crises. Those crises in turn had had adverse impacts on the developing countries, impacts that had compounded the problems of their debt burdens, capital flight, falling commodity prices, scant transfers of technology, and protectionism. Circumstances being what they were, the developed countries ought to devote special attention to developing plans to provide aid and official development assistance, especially to the least developed countries, so that they could carry out structural reforms and implement solutions for their various development problems. Also, the countries of the South must strengthen their mechanisms for technical cooperation, multilateral development and information exchange at all levels, taking the special characteristics of each country properly into account.

22. His delegation welcomed the HIPC initiative, adopted by the Bretton Woods institutions to relieve the debt burden of the poor countries, and hoped that it would be applied properly. However, it urged that more effective measures should be adopted towards a complete cancellation of the poorest countries' debts, and that the World Bank, UNCTAD, the World Trade Organization (WTO) and other international financial and development institutions should be reinforced, especially in respect of formulating global economic policy. He reiterated his delegation's support for restructuring and revitalization of the United Nations and its specialized agencies and for the proposals of the Group of 77 and China aimed at expanding participation by the developing countries in the work of the Organization, increasing the financial resources allocated to development and achieving a balance between peacekeeping activities and humanitarian assistance and reconstruction programmes in areas devastated by armed conflicts.

23. The United Arab Emirates was implementing a judicious policy of opening up to the economies of the world and eliminating trade barriers, and had adopted development policies whereby it was providing assistance to many developing countries, particularly the least developed countries in Asia, Africa and other regions that had suffered the effects of natural disasters or armed conflicts. In that context, it was deeply concerned at the repeated humanitarian crises caused by Israel's illegal occupation of Palestinian and other Arab territories, in particular the confiscation of land, the diversion of water resources and the exploitation of other natural resources. Such acts were in flagrant violation of international law and of the principles set out in the Charter of the United Nations. His delegation called once more on the international community to put pressure on the Government of Israel, the occupying Power, to cease its practices in the Palestinian and other occupied Arab territories, including Jerusalem, the Syrian Golan, southern Lebanon and the Western Bekaa, and to compensate the Palestinian and Arab populations of those territories for the damage Israel had caused by its irresponsible behaviour.

24. **Mr. Sotirov** (Bulgaria) said that his delegation aligned itself with the statement made on behalf of the European Union and associated countries. Bulgaria participated actively in the activities of the United Nations in the economic and social sectors, and supported the efforts aimed at restructuring and revitalizing it. He noted particularly the progress made in rationalizing the work of the Economic and Social Council and the Organization's operational activities, and in strengthening the system of resident coordinators. He commended the UNDP country office in Sofia on its work as a centre for coordinating assistance for development.

25. The Government of Bulgaria was aware of the economic and social problems confronting emerging markets in many countries and regions, particularly those undergoing structural reforms. Seven years of political turmoil and lack of will for the necessary economic reforms had led the country into a political and economic crisis in late 1996 and to early general elections in April 1997. In July 1997, the new Government had set up a currency board responsible for achieving financial stabilization and, although only a year had passed since then, positive results were already being seen: confidence in the lev had been restored despite the adverse effects of the crises in the Russian Federation and the Asian countries, interest rates had come down and monthly inflation levels were low. It was to be hoped that financial stabilization, together with structural reform of the economy and severe budget restrictions, would attract investors worldwide. Recently, the Board of Governors of IMF had decided to provide financial support for the three-year structural reform programme proposed by the Government with a view to promoting economic growth.

26. The negative impact on Bulgaria of United Nations sanctions on third countries was causing Bulgaria serious concern. Bulgaria, which had suffered serious economic losses as a result of the sanctions against Iraq, the Libyan

Arab Jamahiriya and especially the Federal Republic of Yugoslavia, believed that the burden of the economic problems resulting from the implementation of sanctions should be fairly shared by the Member States and should not be borne only by neighbouring States or States that were economic partners of States under sanctions. His delegation therefore insisted on implementation of the General Assembly resolutions calling on the organizations of the United Nations system, the international financial institutions and other international organizations to address more specifically and directly the economic problems of third States affected by the imposition of sanctions. In his delegation's opinion, practical and innovative measures to provide those countries with financial and other assistance should be explored.

27. **Mr. Amaziane** (Morocco) expressed his delegation's full support for the statement made by the Chairman of the Group of 77. He noted that the twentieth century had been marked by profound contrasts. Scientific and technological advances had made it possible to improve the standard of living worldwide. The collapse of colonialism, the abolition of slavery and apartheid, and the end of the cold war had favoured freedom and emancipation and extraordinary progress had been made in human rights matters. However, the atrocities of war, the anguish of poverty and the injustices of inequality were preventing the overwhelming majority of the world's population from having access to the necessary resources for living a decent life in security and dignity. There could be no justification, on the eve of the third millennium, for 1.3 billion people living in absolute poverty, for 1 billion being illiterate, for over 1 billion not having access to drinking water or sewerage, and for 800 million suffering hunger or food insecurity, while ethnic, civil or inter-State conflicts were causing the forced displacement of about 20 million people, especially in Africa. The world's poorest 20 per cent now shared barely 1.1 per cent of world income, compared to 1.4 per cent in 1991 and 2.3 per cent in 1960.

28. The global economy was now in a critical situation that threatened to unleash a real recession if effective steps were not taken to contain the effects of the financial crisis in East Asia. According to calculations by UNCTAD, world economic growth in 1998 would be 2 per cent, 1.5 percentage points down from the previous year. Growth in the developing countries would be under 2.5 per cent, down to half the 1997 rate, and the rate for the developed countries would be down to 1.8 per cent. In the East Asian countries, there would be an alarming surge in unemployment, underemployment and poverty, and incomes would plummet.

29. In view of the fact that a quarter of all international trade originated in eastern Asia, the crisis would spread along the lines of trade flows, producing negative repercussions on the growth of international trade, especially exports from Latin America and Africa. The crisis was further darkening the outlook for development among the countries of the South, to which the Asian model had been held up as an example. The result lent added weight to the argument of the Group of 77 concerning the importance of external factors and their influence on the national policies of developing countries. The Group had emphasized the need to associate the developing countries with international decision-making mechanisms in the economic and financial fields, raise international awareness of the macroeconomic policies of the developed countries, resolve the problem of foreign indebtedness and regulate speculative flows of private capital. The developing countries had insisted, time and again, that it was essential to establish a system of incentives to bring a measure of balance and stability to private capital flows. In 1996, 95 per cent of all capital flows had gone into 26 countries, and three quarters of a total of $100 billion in direct foreign investment had been concentrated in 12 countries. Official development assistance, which was supposed to offset in part the inadequacy of private capital flows, had steadily declined, despite the international community's formal commitment to provide the funding needed to attain the global objectives in the fields of the environment, population and social development that had been approved at a number of major international conferences.

30. Despite its tireless efforts, Africa continued to be bowed down beneath the crushing burdens of conflict, foreign debt and poverty. In 1998, Africa's growth rate would be only 3.7 per cent, although the United Nations had set a target of 6 per cent in order to avoid further marginalization of that continent. The foreign debt of African countries amounted to $256 billion, and had affected the continent's investment rate, which currently represented no more than 17 per cent of gross domestic product (GDP), whereas in the 1970s the corresponding figure had been 25 per cent. Africa's share of international trade had declined from 5.3 per cent in 1950 to 1.5 per cent in 1995, owing in large measure to its heavy dependence on commodities, which accounted for two thirds of its exports. It was time for the international community to undertake a serious analysis of the continent's problems and help it re-establish the peace, stability and solvency that were essential if African countries were to resume their economic growth.

31. With respect to the triennial policy review of operational activities for development, his country

reaffirmed its dedication to the principles of neutrality and universality which had always underpinned United Nations assistance. The reduction in the basic financial resources made available to the United Nations organizations gave cause for concern. In the absence of adequate resources, and in the absence of true solidarity among its Member States, the Organization would be unable to, as the Charter put it, serve as a centre for harmonizing the actions of nations in the attainment of the common ends of peace, development and prosperity for all.

32. **Mr. Al-Qaisi** (Bahrain) described global economic development as the cornerstone of welfare, security and stability. There had to be a consistent international arrangement to avoid crises and respond to new challenges. His delegation fully concurred with a remark contained in the report of the Secretary-General on the work of the Organization, to the effect that while technological advances and open borders would enable commercial firms to organize the production of goods and services transnationally, they might also facilitate the operations of terrorist networks, criminal syndicates, drug traffickers and money launderers.

33. Fifty per cent of the world's population lived in cities, large and small, and it had been estimated that by the year 2025 that proportion would have risen to 75 per cent. Accordingly, sustainable development would depend more than ever on a clear understanding of urban problems and the adoption of effective solutions. His country had given priority to social, cultural and urban progress with a view to fostering the advancement of men and women on an equal basis and their responsible participation in society and in the life of the nation. For the fourth consecutive year, the *Human Development Report* prepared by the United Nations Development Programme had put Bahrain in first place among the Arab countries in that respect. If it was to retain that position, it would have to adopt a policy of diversifying its sources of production, so as not to be exclusively dependent on petroleum. Since attaining its independence in 1971, his country had given particular importance to economic development, and had established a climate favourable to foreign investment, developed local industry and promoted labour force training.

34. His country considered that international economic cooperation for development was based on dialogue, and that the United Nations system must play a decisive role in that context. All countries had a responsibility to give the Organization the support and assistance needed to enable it to fulfil its functions adequately.

35. **Mr. Gankhuyag** (Mongolia) expressed full support for the statement made by the representative of Indonesia on behalf of the Group of 77 and China. Owing to the phenomena of economic globalization and liberalization, in recent years many of the developing countries had been marginalized from the mainstream of the world's economic development. South-South cooperation was undergoing major transformations, and collective self-reliance had become a vital instrument for the developing countries. Technical cooperation among developing countries had played an important role within the framework of South-South cooperation, facilitating training, technology transfer, the exchange of experiences and networking. In that context, his country welcomed the convening of a meeting to commemorate the twentieth anniversary of the adoption of the Buenos Aires Plan of Action.

36. The chronic problem of foreign debt constituted a serious impediment to development. In his country's view, the Paris Club's debt relief measures and the Heavily Indebted Poor Countries Initiative did not adequately address the problem. Further actions should be taken, including the cancellation of debt owed by the developing countries.

37. Greater attention should be focused on the serious situation of the landlocked developing countries, which, handicapped as they were by geographical location and remoteness from world markets, were facing tremendous obstacles and hardships in their efforts to keep pace with the world's social and economic progress. Greater support for and cooperation with those countries on the part of the international community, with a view to helping them overcome their physical and other problems and prohibitively high transport costs, would be fully in accordance with the objectives of the Agenda for Development.

38. His country remained committed to sustainable development, stable and accessible markets and fully liberalized trade with a view to narrowing the gap between rich and poor and between the developed and the developing countries, and reversing the declining trend in flows of investment for development. In that connection, he noted the importance of implementing the Agenda for Development speedily and in full. In view of the financial crisis currently being experienced by many Asian countries, it was even more important to improve the coordination of the macroeconomic policies of States and strengthen their cooperation with the United Nations and other international financial institutions. His country supported the current efforts aimed at revitalizing the role of the United Nations in the economic, social and related fields and creating an effective mechanism of international cooperation for development. It also supported the convening of an international conference for development financing and an

increased role for the private sector and non-governmental organizations in such financing.

39. He was seriously concerned about climate change and the increase in natural disasters, which had serious repercussions on the small, weak and vulnerable countries. In that regard, he wished to reiterate the proposal of his country's Minister for Foreign Affairs to declare a second International Decade for Natural Disaster Reduction in order to keep the international community's interest and cooperation focused on that area. Moreover, States should faithfully carry out their obligations under the Convention on Climate Change and other multilateral agreements on environmental protection.

40. Despite the great difficulties of the transition period, his Government remained firmly committed to the principles of democracy and to an open market economy. It was continuing to implement the political and economic reforms introduced in the early 1990s, whose main objectives were the strengthening of democratic institutions and of the basis of political stability, accelerated privatization of the economy and the social protection of the population, especially vulnerable groups such as the elderly, the disabled, children and women.

41. **Mr. Valdivieso** (Colombia) said that he endorsed the statement made by the representative of Indonesia on behalf of the Group of 77 and China. Over the past year, economic and financial issues had taken on special importance not only because of the South-east Asian financial crisis, but also because the latter had been aggravated by other crises that had adversely affected developed and developing countries alike. Developing countries, in particular, had been disconcerted by the fact that economies that had been struggling to modernize their production and become part of the tough competition involved in globalization were currently harder hit than the other nations by an economic model developed and promoted by the developed countries. The social costs had been enormous. The crisis, which had originally been regional was now, for all practical purposes, a global crisis.

42. The foregoing highlighted the urgent need to overhaul the management of the world economic system. While it was the responsibility of Governments to exercise the economic, fiscal and monetary discipline required to ensure adequate economic performance and maintain domestic macroeconomic stability in order to attract capital, it was also obvious that the purposes and objectives of the Bretton Woods institutions and the World Trade Organization (WTO), as sponsors and guardians of the international economic order, needed to be reviewed.

43. The turbulence on the international financial markets was making development financing even more difficult and the global climate of uncertainty was preventing the flow of resources to countries that needed them. He was concerned about the steady and alarming decline in official development assistance. While it was important to promote foreign direct investment, such investment should not be a substitute for official development assistance.

44. The external debt continued to be one of the main problems of financing, the economy and world policies. Its destabilizing effect on many developing countries was alarming. Therefore, without prejudice to the efforts of the International Monetary Fund and creditors, it was important to find a rapid solution to that problem. Otherwise, insufficient resources would be allocated for development.

45. The United Nations should continue to give priority to poverty reduction in order to contribute to ensuring a decline in inequalities among members of the international community. In that regard, additional funds would be required to finance operational activities for development and even greater coordination would be required on the part of the different organizations of the United Nations system, including the funds and programmes and the World Bank. In that connection, he welcomed the fact that the microcredit mechanism was expanding and covering more and more of the Organization's programmes.

46. As far as the question of the environment and sustainable development was concerned, his Government wished to express its sympathy for those countries that had recently been affected by natural disasters that had resulted in the loss of life, considerable material damage and substantial losses of production. Those experiences demonstrated the need to make greater efforts to prevent natural disasters. Political will was required to translate into practical terms the ambitious plans of action and commitments undertaken by the international community, including commitments in terms of financial resources and the transfer of technology.

47. The ministerial communiqué adopted at the high-level sessions of the Economic and Social Council on access to markets reflected the concerns of countries in the area of international trade. There should be transparency in the international trading system and greater coordination between WTO and the United Nations Conference on Trade and Development (UNCTAD). Mechanisms for the promotion of trade in commodities from developing countries should also be maintained and strengthened. Moreover, progress must be made in the elimination of tariff and non-tariff barriers, and discriminatory and protectionist

practices that still dominated international trade relations should be eliminated.

48. **Mr. Stefánek** (Slovakia) said that his delegation associated itself with the statement made by the representative of Austria on behalf of the European Union and a number of associated countries. On the threshold of a new millennium, many global problems were threatening international stability and sustainable development and it was the task of the United Nations to find possible solutions. The recent crisis in Asia had confirmed the need for a rapid and coordinated reaction by the international community.

49. An open, multifunctional and global economy was the best tool for taking advantage of globalization. As it had been noted before, globalization was a fact, not an option, and its benefits outweighed its risks. Currently, however, developing countries and least developed countries were being marginalized and that constituted a serious problem. The high-level dialogue on the social and economic impact of globalization had provided the opportunity to discuss those issues; such discussions must now be translated into action. His country was following with great interest the annual meetings of the International Monetary Fund and the World Bank in Washington, although those meetings had apparently not reached agreement on a plan to resolve the current economic crisis.

50. The fiftieth anniversary of the establishment of the General Agreement on Tariffs and Trade was being celebrated during the current year. His country was a founding member of WTO and its trading policy was fully in compliance with WTO rules and principles. Slovakia's trading system was characterized by openness, low tariffs and the absence of non-tariff barriers. It supported the liberalization of the international trade in services and had acceded to liberalization initiatives in the information technologies, financial services and basic telecommunications sectors.

51. His country attached great importance to regional economic cooperation and membership of the European Union remained one of its main foreign policy priorities. It also wished to join the Organisation for Economic Cooperation and Development and supported regional agencies within and outside the United Nations system. Since its establishment, the Economic Commission for Europe had achieved a unique status in the region. His delegation welcomed the Commission's approach with respect to the involvement of the private sector and non-governmental organizations in its activities and programmes.

52. The reform in the economic and social spheres was an indispensable part of the overall reform process of the United Nations. He welcomed the Economic and Social Council resolution on that subject and believed that the process had to be continued in accordance with General Assembly resolution 50/227 and 52/12 B. In that regard, the holding of a humanitarian affairs segment of Economic and Social Council was an outstanding contribution. As an emerging donor country, Slovakia was ready to contribute to the United Nations humanitarian assistance work. His delegation viewed as positive the Ministerial communiqué on the issue of market access, in particular for developing countries and least developed countries, adopted at the conclusion of the high-level segment of the Economic and Social Council.

53. Cooperation needed to be improved not only among United Nations system bodies, but also between such bodies and international, financial and trade institutions. A notable example in that regard was the conclusion of a memorandum of understanding between UNCTAD and the United Nations Industrial Development Organization (UNIDO) on a strategic alliance for investment promotion in developing countries. He also welcomed the initiative to bring about closer cooperation between WTO and UNCTAD and hailed as important the joint meeting of Bretton Woods institutions and the Economic and Social Council in April of the previous year.

54. His Government intended to intensify its participation in the development programmes of the United Nations specialized agencies in order to utilize more effectively its capacity for the benefit of developing and least developed countries. In that regard, he wished to stress the important work being carried out by the United Nations Development Group and the effectiveness of the resident coordinator system in the formulation of strategies and the coordination of operational activities. The programmes of the United Nations Development Programme (UNDP) had proved to be extremely useful to the economies in transition. His country had contributed to those programmes by providing facilities for the UNDP regional centre in Bratislava and was prepared to continue offering assistance to other regional programmes of United Nations specialized agencies. The imminent establishment of the investment promotion service of UNIDO in Slovakia would enable his country to boost its capacity to provide assistance to developing countries in the field of industrial development.

55. As a member of the Commission on Sustainable Development and of the Governing Council of the United Nations Environment Programme (UNEP), Slovakia played an active role in the protection of the environment and the

promotion of sustainable development. In May 1998 the fourth session of the Conference of the Parties to the Convention on Biological Diversity had been held in his country. Over 160 countries and many non-governmental organizations and international organizations and agencies had taken part in it. His delegation welcomed the report of the Task Force on Environment and Development. In his delegation's view, the geographical dispersal of secretariats of multilateral environmental conventions was inconvenient.

56. The economic results of Slovakia in 1997 showed GDP growth of 6.5 per cent, and inflation and unemployment rates of 6.1 per cent and 11.9 per cent, respectively, and an 11.9 per cent increase in foreign investments. The aim of Slovakia's economic policy and strategy was to achieve gradual growth and strengthening of the economy. Its top foreign economic policy goal was to meet the requirements of the European Union's single market.

57. **Mr. Reshetnyak** (Ukraine) said that the international community should focus on the social and economic effects of globalization as a matter of priority. The United Nations was the appropriate forum for formulating new approaches and seeking ways of eliminating the adverse consequences of that phenomenon. In that regard, the reform process should continue in order to enable the Organization to address the challenges of the new millennium. In 1995, his country's President had proposed the idea of establishing an Economic Security Council which could play a vital role in finding global solutions to the world economic crisis. In the meantime, as proposed by the Minister for Foreign Affairs of Ukraine in his statement before the General Assembly, Member States could entrust that task and the responsibility of considering economic and social problems that had a direct impact on international peace and security to the Security Council.

58. He welcomed the statement of the Secretary-General, supported by other delegations, concerning the active participation of the United Nations in the discussions on a new world financial structure. Two decades previously, the United Nations had held lengthy discussions on the new world economic order. Now, its debates had to focus on a new world financial order that would help to stop the spontaneous, wild and unpredictable fluctuations in financial flows. The United Nations, together with regional and international financial institutions, should initiate a dialogue on the world financial structure for the twenty-first century. New economic and financial strategies that benefited all countries were required.

59. The United Nations should focus more attention on emerging markets, including those of countries with economies in transition, such as Ukraine, in order to accelerate their integration into the world economy. In that regard, he referred to paragraph 202 of an Agenda for Development that stressed the need to define an appropriate strategy for strengthening solidarity with the countries with economies in transition.

60. Certain substantial factors were creating serious impediments to his country's efforts to stabilize its economic and social situation. One such factor was the return of former deportees to the country. In that regard, he expressed his delegation's gratitude to the United Nations bodies and other international organizations that had collaborated in the organization of the international donor conference on the resettlement of former deportees who had returned to the Republic of Crimea, and thanked the donor countries for their generous contributions. His country was also grappling with the serious problem of trying to mitigate the consequences of the Chernobyl disaster. He hoped that the visit of the Under-Secretary-General for Humanitarian Affairs to Kiev and Chernobyl would promote international cooperation and facilitate a solution in that regard.

61. Regional economic cooperation should be based on the principles of non-discrimination, fair competition, genuine partnership and mutual benefit. His country was trying to join the European Union on the basis of those principles and it assigned considerable importance to the second summit between the European Union and Ukraine due to be held soon in Vienna. Moreover, the efforts of regional economic institutions, such as the Black Sea Economic Cooperation, could help to alleviate the adverse effects of the world economic crisis on national economies.

62. His country fully understood its responsibility for the protection of the environment, both at the national and global levels, and was doing its utmost to meet its commitments under Agenda 21. The democratic changes in his country ushered in new prospects for the population to participate in environmental protection activities, which would enable the country to move closer to ensuring ecological safety and balance in the country.

63. **Mr. Akunwafor** (Nigeria) said that, as a member of the Group of 77 and China, his delegation fully associated itself with the statement made by the representative of Indonesia on behalf of the Group. The processes of liberalization and globalization had come to dominate the international economic scene. However, it was no longer the benefits of those processes that commanded the international community's attention, but rather the urgent need to find and apply the appropriate remedies to ensure that their adverse consequences would not spread across the world. To that

end, it was important to take cognizance of both the potential benefits and disadvantages of globalization and the varying stages of development of nations, of natural endowments and economic growth, and thus ensure that all nations had access to their benefits and none was marginalized therefrom.

64. Globalization was not the only issue worthy of the international community's attention. For the developing countries, the issue of the external debt crisis had become a question of survival. At its forty-ninth session, the General Assembly had adopted resolution 49/94 entitled "Enhanced international cooperation towards a durable solution to the external debt problem of developing countries". However, four years later, and after prescribed structural adjustment programmes had been undertaken, the heavy debt burden and debt-servicing obligations were preventing many countries from implementing development programmes or viable poverty eradication programmes in order to achieve economic growth and sustainable development. For that reason, creditor countries and the multilateral financial institutions should not only continue to extend concessional financial assistance to the middle income and least developed countries, but should also concede to the heavily indebted countries, especially in Africa, the option of outright cancellation of such debts.

65. Trade was another crucial element that affected relations among countries. Nigeria recognized the crucial role played by the United Nations Conference on Trade and Development (UNCTAD) as the focal point within the United Nations system for the integrated treatment of development and the interrelated issues of trade, finance, technology, investment and sustainable development, all of which either facilitated or hindered trade liberalization. It also understood and appreciated the usefulness of the World Trade Organization (WTO), which had moved swiftly to open international markets in sectors where the industrialized countries dominated, but had done little to open markets to the products and services of the developing countries. Nevertheless, Nigeria would welcome the creation of a system that granted market access to the exports of all nations, including the developing countries; an effective, transparent and rules-based trading system under which no State imposed its will on other States by introducing non-trade issues; and a system that respected multilateralism, both in decision-making and in the implementation of mutually agreed resolutions.

66. The most important message transmitted from the 1992 Rio Earth Summit was that without environmental protection durable or sustainable development was impossible, since environment could no longer be separated from development. All nations must therefore continue to capitalize on the positive links between promoting economic growth, reducing poverty and protecting the environment. In doing so, account must be taken of the vital link between responsibilities and resources and of the primary responsibility for addressing the global environmental issues which the Rio Conference had placed on the industrialized countries. The latter had the funds and the necessary technical know-how and should share them with their developing partners. Nigeria commended the Netherlands and the Nordic countries for consistently meeting the agreed target of 0.7 per cent of gross domestic product (GDP), as provided for in Agenda 21. The other industrialized countries should emulate their example. That assistance was crucial, because desertification, drought, soil and marine erosion, and low fresh water supplies were new challenges that confronted the African continent, where two fifths of the land mass had turned into desert. African countries continued with their own efforts to contain the threat, but the resources to overcome the scourge were not enough. In today's interdependent global village, the United Nations and the international community could and should do more to assist African countries in their efforts to redress the ecological imbalance and thereby enable them to produce enough food to eliminate hunger among their populations.

67. **Mr. Prendergast** (Jamaica) associated his delegation with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. The process of globalization had had both positive and negative effects on developing countries. Growth and expansion had taken place in some countries, but in others there had been deterioration and marginalization. While the States of the Caribbean recognized the importance of globalization, they remained concerned about the growing trend towards protectionism. Access to markets was crucial for the development of the economies of many small countries, whose vulnerabilities were intensified by their narrow resource base, inadequate human resource development and proneness to natural disasters.

68. He recognized that the trend towards global interconnectedness was now irreversible and that participation in the global economy required countries to take stock of the realities of the current international situation. In order to level the playing field, it was necessary to: strengthen international cooperation in the areas of trade, market access and finance and encourage the wider dispersion of capital flows, including access to private capital markets; encourage a more socially responsible globalization based on agreed norms that protected the rights of individuals; invest in the development of human resources through education; and remove inequalities in access to

information and information technology. It was also essential to examine the architecture of the international financial institutions so as to promote more effective monitoring of capital flows, especially short-term flows, and thereby reduce the vulnerability of developing countries to the effects of volatile flows. Lastly, efforts must be made to ensure greater flexibility in the application of policies by international institutions and greater sensitivity to the needs of developing countries.

69. The Jamaican delegation regretted the drastic decline in the levels of official development assistance (ODA). A number of important issues needed to be ventilated in that regard, including the fundamental role of ODA; international financial cooperation for development; trade and financing for development; mobilization of domestic resources for development; mobilization of international private capital flows and foreign direct investment; and the possibility of finding additional sources of financing.

70. **Mr. Kim Chang Guk** (Democratic People's Republic of Korea) said that, despite the international community's continued efforts to establish a development-oriented international partnership on the basis of equality and justice, in recent years the social and economic situation of the developing countries had deteriorated. The Second Committee was now faced with the task of defining the difficulties that impeded the establishment of equitable international economic relations and to jointly seek appropriate solutions.

71. In order to prevent the global economic crisis from spreading, the developed and developing countries should establish international economic relations based on a genuine partnership and further enhance international economic cooperation, while taking into account the fact that each country had the right to develop its economy in the direction suitable for its own specific conditions. An end must therefore be put to unilateral economic sanctions, which were a product of cold war thinking that clearly ran counter to the purposes of the Charter of the United Nations, relevant United Nations resolutions and international law. Such measures not only incited mistrust and confrontation among countries and hampered the economic development of developing countries, but also adversely affected international economic relations. The international community should therefore take practical measures to eliminate their implementation, in accordance with General Assembly resolution 52/181.

72. Full participation by the developing countries in the international economic decision-making process was necessary to ensure that the decisions taken duly reflected the interests of the majority of the world's countries. The United Nations must establish relations of close cooperation and coordination with international financial institutions and enhance its leading role in the field of international development cooperation. More particularly, United Nations development cooperation agencies should focus their assistance on fostering the economic and technical capabilities of the developing countries.

73. Adequate measures must be taken to counter the negative effects of globalization and liberalization, which had caused very serious social and economic problems for many countries. It must be kept in mind that there was no single model, standard or approach in the field of economic development, since conditions and levels of development differed from country to country. Any attempt to impose the economic, social and cultural values of a particular country or region on others should therefore be rejected by all available means. It was also important for developing countries to pursue greater economic self-reliance, while strengthening international economic cooperation in order to promote development and achieve sustainable economic growth. Concerted efforts should be made to establish a new South-South economic order based on equality and mutual benefit. New sources of development financing should also be explored and the outcomes of the major United Nations conferences implemented as soon as possible, including the commitment of the developed countries to earmark 0.7 per cent of their gross domestic product (GDP) for ODA and the commitments regarding the transfer of technology to the developing countries. In that respect, due attention should be paid to the work of the ad hoc open-ended working group on the topic of financing for development, which would meet during the fifty-third session of the General Assembly, as provided for in Assembly resolution 52/179.

74. **Mr. Maiga** (Mali) said that he associated himself fully with the statement made on behalf of the Group of 77 and China, and noted that recent trends in international markets and the effects of globalization on the international economic environment were a cause of concern. That was an inevitable phenomenon that offered some advantages, but also entailed the risk of marginalizing the poorest countries. The increase in poverty, illiteracy and disease illustrated the importance of ensuring that the most vulnerable countries and population groups were integrated into the international economy. His delegation commended the efforts of the United Nations system and of development partners to achieve that end, but hoped that official development assistance for the poorest countries would be increased, since those countries had derived little benefit from the economic reforms they had made at great sacrifice.

Specifically, those countries needed more drinking water, energy sources, health centres and savings and microcredit institutions; better means of communication; greater security; and more opportunities to interact with other countries and to express their views. He regretted the reduction in official development assistance, which had represented 25 per cent of bilateral aid a few years earlier, but currently represented barely 10 per cent.

75. Development was a complex and ongoing process that required reforms and the learning of "social lessons". It went beyond the mere transfer of money and implementation of programmes and projects, which often were ill-adapted to the socio-economic environment. Mali therefore urged public and private development assistance entities to develop a culture of cooperation that better reflected the new demands of development, which were spelled out in the programmes of action adopted at major United Nations international conferences. Those measures should be accompanied by efforts to build national capacities and to develop basic infrastructure. Owing to their low level of development and their lack of competitiveness in the international market, many countries, particularly the least developed, had no access to private sources of financing. Developing countries would need international economic and financial cooperation for a long time to come in order to improve their macroeconomic situation and the competitiveness of their export sectors. To that end, it was necessary to guide and coordinate the activities of international financial institutions with a view to improving the conditions in which the least developed countries were integrated into the world economy. The problems posed by globalization and the steady decline in official development assistance made it necessary to establish new institutional forecasting and prevention mechanisms for effectively monitoring and evaluating international transactions. In that connection, his delegation welcomed the Secretary-General's proposal to establish a Development Account and supported the General Assembly resolution concerning the convening, in 2001, of an international conference on financing for development. It also supported the establishment of closer linkages among international development agencies in order to build a new sense of solidarity and devise new measures to offset financial-market forces.

76. **Mr. Kouliev (Azerbaijan)** highlighted the concern caused by the recent economic crises in some countries of South-East Asia and Latin America and in the Russian Federation, as well as by the instability of financial markets in developed countries. In the high-level dialogue held on 17 and 18 September during the fifty-third session of the General Assembly, various views had been expressed on the economic and social impact of globalization and liberalization. For example, it had been said that globalization could be seen as the expansion, on a global scale, of the markets for capital, services, goods and labour, or as a process based on the international division of labour and the increase in international production and capital; in a broader sense, globalization was the integration of countries into the world economy. The liberalization of the world economy was creating the conditions necessary for increasing exports and expanding foreign investments and for achieving rapid national development.

77. Unfortunately, international financial institutions such as the International Monetary Fund and the World Bank were ill-equipped to face the crises that had arisen in various markets. Effective mechanisms must be established to prevent the occurrence of such crises, which primarily affected the developing countries and countries with economies in transition. In that connection, he commended the role played by the United Nations in considering those issues, as well as the efforts of Governments and international organizations to establish the necessary mechanisms.

78. Some years earlier, Azerbaijan had suffered serious economic problems as a result of the transition from a planned economy to a market economy. A macroeconomic imbalance had arisen and, between 1991 and 1996, the country's gross domestic product (GDP) had fallen by some 60 per cent; inflation had risen uncontrollably; and all social and economic indicators had deteriorated drastically. That critical situation had resulted from various factors: the disintegration of horizontal and vertical trade and productive relations; the lack of new market mechanisms; and the poor preparation and inertia of the new State structures, which had rendered them unable to undertake economic reforms. Those problems had been compounded by a lack of enabling legislation, a large financial and budget deficit and the persistent conflict between Armenia and Azerbaijan over Nagorny Karabakh.

79. Beginning in 1995, the Government of Azerbaijan had implemented a plan to stabilize the country's economy, as well as new credit and budget policies and structural reforms to liberalize the economy. As a result, the exchange rate of the local currency, the manat, had stabilized, and in 1996 inflation had been reduced, the economy had been revived and real GDP had increased by 1.25 per cent, reaching 5.75 per cent in 1997. The strengthening of enabling legislation and fiscal policies and the privatization of State enterprises had stimulated a steady increase in foreign investment flows to Azerbaijan; such investments currently amounted to $1

billion. The Government felt that foreign direct investment played an important role in the process of integration into the world economy and that countries should do everything in their power to create a climate favourable to investment.

80. As the international economic situation worsened, it became necessary to seek new markets and new economic development partners. To improve its integration into the world economic system, Azerbaijan had launched a programme whose strategy consisted of establishing a corridor between East and West. Recently, an international conference had been held in Baku on the restoration of the ancient silk road, at which a basic multilateral agreement had been signed on the development of international transport in the Europe-Caucasus-Asia corridor. The implementation of that project would facilitate access to the trans-European and trans-Asian transport networks of the landlocked countries of the Caucasus and Central Asia, promote productive and trade linkages among the countries of the region, increase market access and integration and create closer ties between the economies of Europe and those of Asia.

81. **Mr. Ayoub** (Iraq) said that the continued deterioration in the financial markets and the crises which the economies of many States were suffering were largely attributable to the obstacles, difficulties and upheavals resulting from the imposition of capitalist globalization on other States. His delegation expressed its strong opposition to that process, which had caused the marginalization of many countries and had hindered the transfer of technology and the flow of technology, investment, services and raw materials.

82. The developed countries were deliberately creating obstacles that prevented the developing countries from taking advantage of some of the benefits which the new world economic structure had to offer. In that connection, he pointed to a new and serious phenomenon in international relations: the arbitrariness with which economic sanctions were imposed against developing countries, either unilaterally or through United Nations bodies, especially the Security Council. For over eight years, Iraq had been suffering under the burden of extreme economic sanctions unequalled in United Nations history. The sanctions had caused total paralysis in all sectors of economic activity and had impacted the social, health and educational situation of over 22 million Iraqi citizens. The various humanitarian and economic bodies in the United Nations system had confirmed that, as a result of those unjust sanctions that ran counter to the Charter of the United Nations and to international law, over 1 million Iraqis had died and about 4 million Iraqi citizens, most of them children, women or older persons, were suffering from acute malnutrition and its related illnesses.

83. According to a report of the United Nations International Children's Fund (UNICEF) issued in July 1998, in Iraq the incidence of wasting among children under five had increased from 3 per cent to 11 per cent, stunting from 18 per cent to 31 per cent and underweight from 9 to 26 per cent. Because of maternal malnutrition, the incidence of low birthweight had risen from 5 per cent in 1990 to 22.6 per cent in 1996. Maternal mortality had increased to 310 per 100,000 births from 117 per 100,000 in 1989. The report also indicated that in 1990 Iraq had managed to provide basic education for the whole population. Currently, about 20 per cent of children from 6 to 11 were not in primary school, and only 68 per cent of 6-year-old children had actually attended school in 1996. There was an increasing number of street children and the number of children in work had also risen.

84. The Committee should ask itself what the role of the United Nations and the Security Council was in relation to that humanitarian catastrophe. As was well known, because of pressure from the United States, the Security Council had so far not dealt with the issue in a serious or impartial manner, despite the many reports from United Nations and other bodies giving warning about the consequences of overlooking such a serious situation. Since 1992, the United States of America had imposed economic sanctions on 61 occasions and was currently imposing or threatening to impose them on about 65 States, in which over half the world's population lived. The United States had taken advantage of the lack of an international authority, the breakdown of the global balance and the lack of democracy in international relations to implement a policy characterized by arrogance, recklessness and dogmatism, focused on its own short-term interests, which threatened to engulf the world in chaos and violence. It could not be said that the Security Council had approved the oil-for-food-and-medicine programme to tackle the situation in Iraq, because the programme was in no way realistic. Also, a people as noble as the Iraqis could not allow its country to be turned into an enormous refugee camp fed at the expense of its resources.

85. The time had come to say to the members of the Security Council that they should exercise the powers conferred on them by the Charter of the United Nations to put an end to the tragedy by lifting the unjust embargo that had been in place for over eight years. Iraq demanded that the members of the Council should use their legal and moral faculties and give up their policy of ambiguity and selectivity, because it was neither permissible nor

reasonable, that the Security Council should be hostage to petty and selfish interests of two of its members, which deliberately overlooked the legitimate interests of other States Members of the United Nations, used force irresponsibly for their own ends and shunned recourse to the justice and mediation provided for in the Charter.

86. **Mr. Sandi** (Niger) said that his delegation associated itself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. He noted that the effects of the economic and financial crisis caused by globalization had not all been fully studied, nor had its adverse effects been foreseen so that their spread could be checked. Globalization could contribute to global development, especially in the developing countries, if the developed countries showed the necessary solidarity and recognized that economic interdependence entailed a common destiny. Mechanisms needed to be found so that such a pooling of assets could narrow the gap between the rich and the poor countries. The international financial institutions needed to be adapted to the new circumstances and must undertake the necessary reforms.

87. Most developing and least developed countries, including the Niger, were implementing wide-ranging structural adjustment and economic reform programmes under the auspices of the Bretton Woods institutions, with the social cost which those reforms entailed for the most vulnerable sectors of the population, together with democratization processes and good governance. However, to consolidate democracy in the developing countries and keep their reforms going it was of the greatest importance for them to have available the external resources needed to fund their development. Although the developing countries recognized both the fundamental role of private investment for progress in their domestic economies and the need to create a favourable environment, in many countries, particularly the least developed, private investment had not materialized. Given that official development assistance had shrunk in the past few years to an unprecedentedly low level, it was easy to understand the tragic situation in which the least developed countries found themselves. In that regard, everyone should be reminded of their duty of solidarity and the need to fulfil freely contracted undertakings. The target of allocating 0.7 per cent of the developed countries' gross national product to official development assistance, which had been considered the absolute minimum two decades previously, now looked like an unattainable dream.

88. The foreign debt situation was also cause for concern amongst the developing countries. For the least developed countries, multilateral indebtedness to the Bretton Woods institutions and regional banks was an obstacle to their development. The Niger supported the HIPC initiative, although it regretted the restrictive nature of the conditions imposed and the slow pace of implementation. At the same time, it welcomed the decision by the General Assembly at its fifty-second session to convene, in 2001, the Third United Nations Conference on the Least Developed Countries, and hoped that the Conference would make it possible to resolve the serious problems facing those countries. In the Sahel region, desertification was a serious obstacle to the efforts of the least developed countries to achieve sustainable development. His delegation accorded great importance to the implementation of the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, and it hoped that the Conference of the Parties to the Convention to be held in Dakar, Senegal, in December 1998 would generate decisive results.

89. Poverty eradication remained a basic United Nations objective which the Niger fully supported. Poverty had spread in the Niger over the last 10 years, despite the measures and programmes adopted. At a round-table discussion held recently in Geneva, the Niger had presented an anti-poverty programme that had been well received by the donor community. The Niger was grateful to the development partners that had contributed to the success of that meeting, and particularly to the United Nations system.

90. The economic problems of the least developed countries had been compounded by the ravages of natural disasters. Some areas had been affected by hurricane Georges or the El Niño phenomenon, and in the Niger torrential rains had resulted in losses of human and animal life and considerable material damage. That catastrophe had exacerbated an already precarious food situation, had increased the population's vulnerability and was seriously threatening rice production. To deal with that situation, the population needed emergency assistance, including medicine, food and agricultural inputs. Such aid would be distributed to the populations affected through the regional and subregional centres of the early warning and disaster management system or through non-governmental organizations. It would also be necessary to rehabilitate and rebuild infrastructure. Preliminary estimates indicated that the cost would amount to several million dollars. Since the Niger could not meet those extraordinary expenses, in August 1998 the Government had called upon the international community to mobilize the necessary resources to help the populations affected.

91. *Mr. Özügergin (Turkey), Vice-Chairman, took the Chair.*

92. **Mr. Don Nanjira** (World Meteorological Organization (WMO)) said that he followed the work of the Second Committee with great interest. WMO was continually upgrading its operations, since it had to meet ever greater and more complex challenges. Its programmes and activities dealt with issues of great importance to humanity, such as natural disaster preparedness, protection of the atmosphere, evaluation of freshwater resources, monitoring and forecasting of global warming and climate change, tourism, human settlements, support for small island developing States and capacity-building through education and training. WMO also disseminated information on those issues. For example, it had recently published a bulletin on the hole in the ozone layer, whose dimensions, measured in September 1998 in Antarctica, had reached the unprecedented maximum of two and a half times the size of Europe.

93. The mandate and the day-to-day work of WMO were directed towards promoting and sustaining development, for which purpose the organization had to fulfil the dual function of facilitating the development of services to improve the well-being and safety of communities, nations and humanity as a whole, on the one hand, and coordinating the activities of its member States in gathering and exchanging information in areas such as climatology and water resources, on the other. Since atmospheric phenomena knew no boundaries, international collaboration and solidarity were essential to the success of the work of WMO and other entities working to mitigate, reduce and prevent human suffering, loss of life and damage to property, the economy and life-sustaining systems. That support should comprise financial, technical and material aspects, and should be continuous, sufficient and assured.

94. In the future, WMO would continue to provide countries with precise and timely climatological data and forecasts and warnings concerning climatic and atmospheric phenomena; continue its activities to monitor and predict atmospheric phenomena such as El Niño and La Niña; forecast floods and forest fires; and regularly disseminate information on the state of the atmosphere and greenhouse gas emissions. It would also continue to provide guidance on improving the functioning of national meteorological and hydrological systems and would support countries' efforts to honour their national, regional and international commitments. The assistance of WMO would bolster the efforts of Governments and private-sector entities to formulate policies to mitigate the impact of those phenomena. Moreover, WMO would facilitate the conclusion of bilateral and regional agreements to strengthen meteorological monitoring and forecasting mechanisms.

95. WMO would continue to work with the international community in combating environmental degradation and the effects of global warming, the damage to the ozone layer, water shortages, pollution and natural and technological disasters, and would continue to use its wide-ranging expertise to improve national and global meteorological and hydrological capacities, infrastructures, networks, observing stations and services, which were essential for sustainable development, especially in developing countries. In that connection, WMO was firmly convinced of the need to reassess the role of science and technology in development, so that scientific advances could be applied more effectively to achieve sustainable development.

96. **Mr. Elron** (Israel) said that, in the last 50 years, international programmes had resulted in extraordinary strides in a number of areas by, *inter alia*, increasing agricultural production and the food supply, eradicating diseases, providing literacy training, increasing income and improving the quality of life. However, 1 billion people continued to live in conditions of extreme poverty. The issues considered by the Second Committee were of great importance to the well-being of humanity, since hunger, malnutrition and economic deprivation posed a threat to the security of nations, regions and the international community.

97. There was a consensus on the objectives to be sought by international cooperation for sustainable development, such as those of eliminating poverty, guaranteeing the food supply, eradicating diseases, devising global solutions to problems such as climate change, desertification and deforestation and providing more assistance to developing countries. That consensus was based on the conviction that only through sustainable development would it be possible to guarantee a resource base for future generations. The only means of extending the world's growing prosperity to the millions of people who, up to the current time, had been excluded from its benefits was through joint international initiatives.

98. Owing to its deep concern about those issues, Israel had decided to focus its contribution on the area most indicated by its experience and know-how: increasing food production and developing agricultural communities. Israel maintained that the adoption of an integrated, people-centred and participatory approach could result in genuinely sustainable development. It had used that approach at its Centre for International Cooperation (MASHAV), where individuals from around the world were trained in the use of the means of development best suited to their societies. Over the last 40 years, more than 70,000 people from Asia, Africa, Latin America and the Middle East had received training under that programme.

99. A major concern in the drive towards sustainable development was the efficient use of water. The exhaustion of irrigation sources had done away with the notion that water was an unlimited resource and had prompted many countries to take advantage of Israel's experience. For example, Israel could help them to optimize plant-soil-water relationships in areas where water was scarce. That type of assistance also helped to promote economic growth. Along the same lines, Israel had undertaken an initiative to develop desert margin areas, under which it cooperated with other countries in developing sub-desert regions. Israel had also developed new technologies specially adapted to desert environments, from modified irrigation methods to energy-production systems.

100. Cooperation was essential in order to achieve universal objectives. The programmes mentioned had received the generous support of the United States Agency for International Development (USAID), the Ministry of Foreign Affairs of the Netherlands, the international development agencies of Denmark and Norway, and various international organizations and United Nations agencies. Regional cooperation was an essential requirement for economic progress, and Israel's international development programme was making every effort to exchange knowledge and ideas with its Arab neighbours. Out of the 4,300 foreigners who had received training in Israel during 1997, 1,200 had come from Middle Eastern countries and the Palestinian Authority.

101. **Mr. Matute** (Peru) said that his delegation associated itself with the statement of Indonesia on behalf of the Group of 77 and China. Solidarity and cooperation should be an immediate response in order to limit the impact of the current crisis. Since the developing countries were the most vulnerable in the current situation of globalization, their effective participation in the world economy must be achieved, quota levels in the international financial institutions increased and the use of mechanisms to deal appropriately with the crisis encouraged. Otherwise, in addition to the considerable decline of macroeconomic indicators, the negative repercussions on the neediest groups would continue.

102. With respect to trade and development, Peru believed that in order to achieve adequate sustainable development, a balanced trading system that was transparent, open, stable and efficient must be established. In parallel, the system of international cooperation must be strengthened in order to transfer the financial, technological and scientific resources of the most highly developed economies to the developing countries. He drew attention to the achievements of the World Trade Organization in the implementation of the agreements from the Uruguay Round, the forthcoming new round of multilateral negotiations on agriculture and services and the fulfilment of the mandates arising from the 1996 Singapore Ministerial Conference on negotiations concerning trade and competition, investment and facilitation of trade. His Government also attached importance to the reports of the Secretary-General, prepared in cooperation with the United Nations Conference on Trade and Development, which offered recommendations for the implementation of the agreed conclusions of the high-level segments of the substantive session of the Economic and Social Council on the promotion of a favourable environment for development (E/1997/67) and the evolution of the multilateral trading system (E/1998/55). He further noted the important progress made by developing countries in the area of trade as a result of regional integration agreements reached in accordance with the norms and tariff concessions of the Uruguay Round, which should be promoted as a support to the multilateral trading system.

103. As for development financing, Peru attached importance to the second Caracas Declaration, issued by the Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs, which stated that development and poverty reduction in the world would continue mainly to be the responsibility of the people, institutions and Governments of the developing countries. In order to achieve those objectives, appropriate macroeconomic policies must be established, greater transparency in the operations of public agencies achieved and good governance ensured. At the same time, it was necessary to strengthen global cooperation to preserve the stability of the international financial system. The current situation in the international financial market clearly demonstrated that it was important for the developing countries to become integrated and participate more fully in the world economy. Efforts to convene an international conference on the financing of development must be intensified; it would be necessary to raise awareness and convince the industrialized countries of the benefits that would result for the masses of people who lived in poverty. His delegation noted with concern that the industrialized countries were reluctant to increase resources for the development of the poor countries, especially at the multilateral level and in the context of governmental programmes.

104. With regard to external debt, although the General Assembly was not the most appropriate forum for a substantive debate on issues of economic policy, its deliberations indicated in some degree the interest of the creditor States in creating more favourable conditions so that the debtor States could lessen their indebtedness. Peru,

which had welcomed the Brady Plan in March 1997, had finalized its negotiations with the Paris Club in May of that year. Although, in principle, the issue of debt had been resolved in terms of its definition, the creditor countries must show the necessary political will to apply clause 4 of the agreed minutes of the Paris Club of July 1996, which addressed the conversion of debt into projects and programmes for poverty reduction, environmental protection and combating drug-trafficking.

105. On various occasions, his Government had shown its determination to continue its progress towards sustainable development and had reaffirmed the full validity of the decisions adopted in Rio in 1992 and at the nineteenth special session of the General Assembly. It had also renewed the commitments made at Santa Cruz de la Sierra, Bolivia, which reiterated the need for a joint consideration of economic, social and environmental factors in order to achieve equitable sustainable development that would lead to a reduction in poverty and social inequality. It was important to link the work of such other forums, as the Conferences of the Parties to the Conventions on Biological Diversity, Climate Change and Desertification with that of the international financial mechanisms and the related organizations and cooperation programmes, including the United Nations Environment Programme, the Commission on Sustainable Development and the Second Committee.

106. Within the framework of the triennial comprehensive policy review, the United Nations role in operational activities for development should be strengthened. The programmes and resources must be on a permanent, secure and predictable basis, as required by the growing needs of the developing countries. His Government recognized the important part played by the developed countries which had allocated substantial funds and resources to the various United Nations agencies involved in those activities, and it encouraged them and other countries to increase their participation. Finally, he thanked the secretariat of the International Decade for Natural Disaster Reduction and the United Nations Development Programme (UNDP) for the assistance they had provided to Peru to help it to overcome the consequences of El Niño phenomenon.

107. **Mr. González** (Paraguay) said that economic and financial issues were important to his country in view of the worrying world economic situation, which also affected his country. While globalization and liberalization could usher in a brighter future, they could also have undesirable effects, especially on countries which had not achieved the desired levels of development.

108. Despite his country's efforts in the previous decade to achieve sustained economic growth, the performance of the gross domestic product, especially from 1990 to 1996, had showed how difficult it was for Paraguay's economy to achieve higher levels of growth. The 4 per cent economic growth achieved during that period had still not been enough to raise the per capita income and boost development. That disquieting situation had been the result of a number of factors, including the fall in the international prices for the country's major commodity exports, especially in the primary sector, and the low level of investment in the production sectors and unfavourable climatic conditions for agriculture activities, compounded in the previous year by the devastating effects of the El Niño phenomenon.

109. Being well aware of the inherent limitations of the agriculture export model as an instrument for promoting development, his delegation believed that it was crucial to overcome the shortcomings of that model. To that end, his Government had submitted a structural reform programme of the economy involving the transformation of a primary export model into a system based on the gradual industrialization and export of products with higher value added using substantial inputs of national origin, in order to achieve dynamic growth and raise the living standards of the people.

110. The regionalization of the world economy and the formation of trading blocs were neither neutral nor peripheral issues as far as the prospects for Paraguay's economic development were concerned. One of the most important strategies in terms of Paraguay's development had been the establishment of the Southern Cone Common Market (MERCOSUR) in 1991 based on an economic area without internal borders, whose main goals were to achieve the economic development of its States parties and their integration into international markets. Paraguay and the other members of MERCOSUR were proud of the achievements thus far in that process of integration and liberalization; that success encouraged them to redouble their efforts aimed at establishing a fully fledged customs union and common market.

111. His delegation recognized the vital role of UNCTAD and WTO in the promotion of a development-friendly environment and the establishment of an open, non-discriminatory, secure, transparent and predictable multilateral trading system. For that reason, the rapid and effective implementation of commitments under the Uruguay Round, including those relating to agricultural products, market access and the outright elimination of protectionist barriers, was vital. As far as commodity trade was concerned, his delegation wished to reaffirm its position as

a member of the Cairns Group of agricultural exporting nations, which favoured the liberalization of international trade in agricultural commodities and the elimination of distortions in that sector.

112. Economic and technical cooperation among developing countries was extremely useful and opportunities in that regard must not be overlooked, especially in periods of great difficulty when the traditional sources of cooperation could not be relied upon. In that regard, as part of the observance of the twentieth anniversary of the adoption of the Buenos Aires Plan of Action, developing countries had reaffirmed their desire to adopt collective measures to seek additional sources of cooperation. South-South cooperation must be intensified, since it could accelerate the development of countries and the integration process while enhancing the North-South dialogue.

113. **Mr. Mangoela** (Lesotho) said that, on the eve of the new millennium, world environmental problems, such as increasing volumes of toxic substances and greenhouse gases or the phenomenon of acid rain, were on the rise and affected both developed and developing countries. The change to a healthier environment was a difficult process that required determination and a strong commitment. That was the spirit that should prevail at the fourth Conference of the Parties to the Convention on Climate Change, which would provide a unique opportunity for adopting measures to halt the deterioration of the global environment.

114. The deterioration of the environment in least developed countries like his own was closely linked to the scarcity of resources for economic subsistence. His Government was preparing appropriate policy measures in that regard but the involvement of the international community was vital for its efforts and those of the people of Lesotho to succeed. That was why his country was interested in the results of the negotiations on the operational aspects of the Clean Development Mechanism, which should take into account the interests of the least developed countries. His Government was seriously concerned about the fragility of the country's mountain ecosystems and the threat posed by drought and the ongoing process of desertification, which enhanced the deterioration of the ecosystems and might well decrease his country's contribution to world biological diversity. In view of his country's extreme poverty and difficult agricultural and environmental situation, the Government was forced to focus more on socio-economic issues than on biological diversity. Thus, there were substantial shortcomings in the conservation of protected areas, although the country had extensive mountain ecosystems that were rare or non-existent in the rest of the subregion. In that regard, he welcomed the approval by the World Environment Fund of a project that would help to conserve mountain flora and achieve greater progress in the sustainable extraction of water and enhance soil erosion control efforts, all of which were vital to both Lesotho and South Africa.

115. The ministerial communiqué of the 1998 high-level segment of the Economic and Social Council had expressed deep concern at the gradual marginalization of least developed countries as a result of the processes of globalization and liberalization. The conclusions of the recent high-level dialogue on the social and economic impact of globalization and interdependence and their policy implications had also highlighted that problem. Thereafter, two ministerial round tables had carried out a more in-depth consideration of the problems and risks of market globalization and liberalization. One of the conclusions of those meetings was that the uneven distribution of the advantages and risks of globalization had required the establishment of a new contract between developed and developing countries, based on genuine solidarity and shared responsibilities, in order to create conditions of equality for all countries to take full advantage of that process. In that regard, the Secretary-General's report to the Security Council on conflict and the promotion of durable peace and sustainable development in Africa contained some relevant recommendations, such as the elimination of tariff barriers affecting the least developed countries in particular, the duty-free treatment of the exports of least developed countries and the conversion of their bilateral debt into grants. Moreover, in order to prevent least developed countries from being further marginalized, they must be provided with substantial increases in financial and technical assistance on preferential terms for the development of infrastructure and telecommunications and for capacity and institution building. Specific recommendations for assisting such countries included the removal of restrictions on textile imports from small exporters and the elimination of time-bound preferential treatment. The Third United Nations Conference on Least Developed Countries to be held in 2001 would be of vital importance to the elimination of poverty in those countries.

116. In its deliberations, the United Nations had also recognized that countries which had adopted drastic macroeconomic reform measures without obtaining in return an increase in employment or a general improvement in the well-being of their population risked a return to undemocratic regimes. Regrettably, Lesotho was an example of such a country: the root of the conflict between the Government and the opposition parties which had lost the elections was the country's economic situation, since the

Government and its various agencies remained the principal employers. While it was true that globalization and liberalization had brought benefits to some countries, it could not be denied that, for a least developed, landlocked country like Lesotho, the instability of the economic environment made its already fragile economy extremely vulnerable. The current financial crisis had contributed to the devaluation of the currencies of the countries of the Southern Africa Development Community (SADC), which had further aggravated the precarious situation of Lesotho, a net food importer. In those circumstances, it was essential for the international community to fulfil the obligations which it had freely entered into in favour of the least developed countries.

117. **Mr. Stagg** (Panama) endorsed the statement made by the representative of Indonesia on behalf of the Group of 77 and China as well as the statement made by the representative of Guatemala on behalf of the seven member countries of the Central American Integration System (SICA). He also recalled the Panama Declaration by the Heads of State and Government who had participated that previous September in the meeting of the Rio Group, which had considered the new opportunities and challenges offered by economic globalization and trade liberalization, the changes which they had brought and their consequences for the countries of the region. Panama was concerned at the uncertainty of the general economic and social development situation, which was characterized by, *inter alia*, the financial crisis and the ongoing degradation of the environment, phenomena that were increasingly interlinked within the economic structure of countries and regions. Panama attached great importance to the discussions on economic issues and urged the strengthening of links between the United Nations on the one hand and the Bretton Woods institutions and World Trade Organization on the other.

118. In the area of sustainable economic development, Panama had continued with the implementation of Agenda 21 and the guidelines issued by the United Nations Conference on Environment and Development (UNCED). One tangible result had been the passage of Act No. 41 of July 1998, or General Environmental Law of the Republic of Panama, which had established the principles and basic norms for the protection, conservation and restoration of the environment. Panama was also preparing a national environmental strategy and had begun a process of land-use planning with specific initiatives, such as the sustainable rural development project in Darien, which was aimed at protecting the biosphere reserve of the Darien isthmus, the patrimony of mankind, and at improving the quality of life of its inhabitants.

119. In fulfilment of its regional commitments, the Government had implemented the Mesoamerican Atlantic Biological Corridor project in Panama, which included the entire Caribbean coastal area and which would be part of the Mesoamerican Biological Corridor. At the international level, it had signed the Kyoto Protocol, which needed to be ratified by the country's Legislative Assembly. In addition, as provided for in the United Nations Framework Convention on Climate Change, it had begun a programme to draw up a national inventory of greenhouse gas emissions. With the assistance of the private sector, the Government would establish a national foundation to promote environmentally friendly development. With regard to the International Convention to Combat Desertification and Drought, changes in land-use patterns and the effects of environmental degradation were being evaluated and a diagnostic survey of the problem was expected to be available at an early date so that appropriate solutions could be identified. With regard to the Convention on Biodiversity, a national strategy and plan of action were being formulated and the first national report on the country's biodiversity had been elaborated. Panama considered its geographical position to be one of its principal economic assets. The Panama Canal, which would come under its absolute control on 31 December 1999 and the Colón Free Zone were important examples of the rational exploitation of that asset in the service of international trade.

120. **Mr. Botnaru** (Republic of Moldova) said that the global situation in recent years had been characterized by a decline in political confrontations and by increasing economic interdependence and globalization. Attention had already been drawn to the socio-economic and technological changes that accompanied the process of globalization. The financial crisis, which had accentuated those phenomena in many countries, had spread to nearly every continent. The growing interdependence of national economies could lead to the depletion of capital, the disruption of credit flows from the banking system and a massive drop in share prices. The Bretton Woods institutions played an important role in the creation of the global financial system and coordination should be strengthened in that area, with the participation of the World Bank, the International Monetary Fund, the World Trade Organization, the Organization for Economic Cooperation and Development and national governments. The Second Committee could make an important contribution in that field.

121. Economic integration and cooperation at the regional level were an important part of the process of globalization.

Small and medium-sized countries should be able to choose those options that enhanced the efficiency and competitiveness of their economies. International institutions should be given additional resources to facilitate the process. For the Republic of Moldova, it was extremely important to accede to membership in the World Trade Organization, which could provide technical assistance and advisory services for the integration of countries in the multilateral economic system. As had already been pointed out, the United Nations had an important role to play in promoting development and in establishing the institutional frameworks that would permit the world economy to function more effectively and equitably. The evolution of the situation in countries with economies in transition showed that political and economic reforms entailed many risks and difficulties in the socio-economic sphere. The financial crisis in south-east Asia had spread to the Russian Federation and had impacted on the economic situation of many countries in the region. It was therefore necessary to give further consideration to the question of international assistance to stabilize the market economy in countries with economies in transition.

122. The economic reforms which had been adopted by the Republic of Moldova since 1992 were aimed at achieving its full integration into the world economy, but the price of those reforms had been very high for the population: between 1991 and 1997, gross domestic product had fallen by 60 per cent in real terms and it was only after 1998 that macroeconomic growth of 1.01 per cent of the country's gross domestic product was expected. Moldova's efforts had also yielded positive results, since a full market economy was being established and macroeconomic balance had been achieved in 1997, with a 12 per cent annual decline in inflation. One of the priorities of the Republic of Moldova was to make further progress in the area of privatization. In five years, more than 5,000 companies had been privatized and in 1997 the Government had embarked on the privatization of land.

123. The Republic of Moldova participated actively in regional and international cooperation programmes and was endeavouring to resolve its problems together with its neighbours: Georgia, Ukraine and Azerbaijan. The Prime Ministers of the four countries had met recently in Washington. The trilateral agreement concluded between Ukraine, Moldova and Romania, as well as the Black Sea Economic Cooperation were beginning to yield tangible results. Moldova was also interested in expanding its economic relations with the European Union, as well as with the countries of central and eastern Europe.

124. The United Nations had a responsibility to promote international economic cooperation for development. In that connection, the Republic of Moldova wished to express its gratitude for the assistance provided by various United Nations bodies and the Bretton Woods institutions. As the Secretary-General of the United Nations and the President of the World Bank had already stated, coordination should be improved between United Nations agencies and the international financial institutions. The experience of the Republic of Moldova showed that the social impact of economic reforms should not be ignored, since it undermined the confidence of the society and strengthened the position of those who were opposed to the implementation of democratic reforms.

125. The Republic of Moldova attached great importance to the assistance which donor countries could provide in the area of foreign direct investment and had created many incentives to attract such investments. It also attached importance to the implementation of the recommendations of the development programme, which had been formulated after several years of negotiations and which reflected a consensus on policies and on the institutional framework of United Nations development activities.

126. **Ms. Raholinirina** (Madagascar) supported the statement made by the permanent representative of Indonesia on behalf of the Group of 77 and China and said that the recession which threatened many regions of the world had put an end to hopes that globalization would bring widespread economic growth. The gap between rich and poor countries was widening and countries with few resources were being relegated to the role of mere observers of the international economic situation. On account of the obstacles which they faced, such as the debt burden and the tariff and non-tariff barriers imposed on their principal export products, the developing countries, particularly the least developed among them, could not be integrated into the world economy. In that connection, Madagascar considered that the Highly Indebted Poor Countries initiative should be extended to all of the least developed countries. It was also of the view that some organizations, such as the World Trade Organization, the United Nations Conference on Trade and Development, the International Trade Centre, the World Bank, the International Monetary Fund, the United Nations and other competent organizations should increase their technical assistance to the least developed countries in order to develop their productive capacity and help them to exploit the advantages of globalization and economic liberalization.

127. Because of the risk that the current crisis might continue and spread, a more in-depth review of the concept of globalization and a more realistic view of its operation

were needed. Moreover, in order for globalization to promote economic growth, mechanisms based on the democratic management of international economic relations must be developed to take account of the interests of all countries. Given their limited resource base and the vulnerability of their economies, the least developed countries were the ones that suffered most from the negative impact of globalization. Moreover, island States like Madagascar were exposed to natural disasters such as cyclones, drought and plagues of locust.

128. Convinced that development was the concern of all countries, Madagascar had reiterated at the Summit Conference of Non-Aligned Countries its proposal for the creation of three funds: a monetary or financial fund, an economic and social development fund and a commodity price stabilization fund. At the same time, it urged countries to strengthen international cooperation with a view to promoting development. In order to overcome the current crisis, relations of cooperation must be established based on the equitable distribution of resources and the interests of all countries. One component of such cooperation should be the transfer of technology and know-how.

129. Madagascar believed that it was necessary to provide adequate funding for United Nations operational activities and to ensure that such activities were predictable, neutral and multilateral in nature. It also wished to stress the urgent need to convene an international conference on the financing of development, in order to give new impetus to international cooperation, which was the most effective vehicle for addressing contemporary global problems.

130. **Mr. A'Ala** (Syrian Arab Republic) associated himself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China and said that the recent economic crisis which had affected many countries could spread and lead to international economic stagnation. Especially since the collapse of the financial markets in south-east Asia and the drop in prices of commodities such as petroleum, the crisis showed that economic globalization had negative consequences: it could expose developing countries to serious dangers and lead to severe social disruptions as a result of the rise in unemployment and poverty. The manner in which globalization had evolved gave cause for concern, since more importance had been attached to profit than to other economic factors and limitations had been placed on the role of the State, which had failed to discharge its responsibility to ensure social justice for its citizens.

131. The developing countries had not benefited from globalization because they had not been able to participate in economic decision-making and lacked sufficient access to markets, resources and technology. Given the global economic realities, it was necessary to increase international cooperation in order to resolve the crisis. In that regard, a broader role should be given to the United Nations and a serious and equal dialogue established between developing countries, developed countries and the international financial institutions. The high-level meetings on the economic and social impact of globalization, which had been held in September, had been a positive step in that direction. Moreover, the Syrian Arab Republic believed that a review of financing for development would provide an opportunity to work in a spirit of partnership and cooperation to find practical solutions, especially to the debt problem.

132. The Syrian Arab Republic had enacted numerous laws to create a favourable environment for investments in the country. It believed, however, that replacing external aid with foreign direct investment would not provide solutions to the problems of development, since experience had shown that such investments were unpredictable and carried great risks. The Syrian Arab Republic's economic policy was based on the diversification of the country's resources and on a diversified economy in which the private and public sectors were responsible for the productivity of investments and the private sector was able to make up for the shortcomings of the public sector. The Government of the Syrian Arab Republic strove to ensure that the fruits of development were shared by the entire society and that women participated in the process of development and in the restructuring of the society.

133. At the regional level, the Syrian Arab Republic was an active participant in the initiatives being undertaken to establish an Arab trading area and attached importance to its partnership with the countries of the Mediterranean and Europe. Efforts to achieve peace and development in the region, however, were stymied by Israel's continued occupation of Arab territories. Peace negotiations were currently experiencing a serious crisis because the Israeli Government refused to accept the principle of land for peace. Israel wished to continue its policies of occupation, building of settlements and confiscation of land and water in the occupied Syrian Golan and the occupied Arab territories. Moreover, it continued its practice of restricting the movement of people and permitting the deterioration of educational institutions. Those Israeli policies were a violation of international norms and, above all, of General Assembly resolution 52/207.

134. **Mr. Nbayu** (Cameroon) said that, following a long period of economic expansion, the world was now on the brink of a crisis which was spreading from one region to

another. While the phenomenon of globalization had accelerated economic growth across frontiers, it had also increased the risk of contagion, as the recent crisis in Asia had demonstrated. It was necessary to correct the imbalances which globalization had created between States and to prevent the marginalization of developing countries, especially those in Africa.

135. In his report on the work of the Organization (A/53/1), the Secretary-General stated that, despite the recent economic expansion, one fifth of humanity was forced to fend for itself on a meagre dollar a day, that one third of all Africans were not expected to survive past the age of 40 and that the Asian economic crisis might thrust some 50 million people in Indonesia back into poverty. Given that grim reality, it was essential for the international community to take measures to moderate the process of globalization and to do everything possible to ensure the well-being of all of humanity.

136. At the national level, it was necessary to formulate macroeconomic and domestic policies that favoured the poor; to implement structural adjustment programmes that provided assistance to the most disadvantaged sectors, protected them from budget cuts and increased social spending; to broaden access to productive resources, with emphasis on the informal sector, and to expand micro-credit; and to guarantee equality, especially between men and women. At the international level, a favourable climate must be created through improved trade relations, external debt reduction and technology transfers. Improving the quality of life of the most vulnerable sectors was an act not only of solidarity but also of economic common sense, since it could have a multiplier effect on employment and economic productivity, family planning and protection of the environment.

137. In that connection, the delegation of Cameroon supported the five priority areas which had been mentioned by the Secretary-General to assist Africa, namely: increase official development assistance, facilitate greater access to markets, promote investment, liberalize access to the Highly Indebted Poor Countries initiative and convert bilateral debts into grants. It was also important to strengthen relations and promote closer cooperation between development agencies and to increase the capacity of the main multilateral organizations, such as the World Trade Organization, the World Bank and the International Monetary Fund, so that they could more effectively respond to the global economic crisis. Finally, it was necessary to actively promote regional integration and South-South cooperation.

The meeting rose at 7.35 p.m.